CLEAR ROAD AHEAD NOW FOR WARBURG

Favorable Report To-morrow May Be Followed by Prompt

Confirmation.

BANKER HEARD IN SECRET

Bristow Examines Him, but Is Discouraged and the Fight Collapses.

The nomina-Paul M. Warburg of New York to of the Federal Reserve Board orted favorably to the Senate than Monday, and his confirma-Senate will promptly follow. be confirmed before the ad-Monday, but under the rules to one objection would send tion over for a day.

Warburg held an executive session the members of the Senate Com-Hanking and Currency to-day asted for more than four hours, m was interrupted once or twice few minutes by calls from the number either for a quorum or a

hearing adjourned shortly this evening, Chairman Warburg went away to-Mr. Warburg took an early train w York, but will return at 10 Monday morning, at which hour ng will be resumed, with the that it will last only two or

Bristow Examines Witness.

r Bristow conducted the exami-He had before him the Pujo committee and rethe Interstate Commerce Comany questions was Sen-

umittee adjourned the y to discuss what had happened.

Id was on very tight. It is be
at Mr. Warburg made it a conappearance that the meeting and that any state-

Jones of Chicago believed d such an understanding with tice and talked very frankly rivate affairs under the im ity was to be give disclosed at first by piece of later published in its entirety r of the Senate. Mr. Jones com-strongly of this action of the

thing indicated to-day that Mr. Warburg had taken precautions to see that his statements before the commitonfidence, should not be ast. Not a member of mittee would discuss what went re were statements tend-at Senator Bristow was mestloner, that Mr. Warburg y favorable impression on the and that he will undoubtedly

Bristow questioned Mr. Warst entirely upon the alleged part
Kuhn, Loeb & Co. in the affairs
Rock Island and Chicago and
lirouds. He had certain data
Interstate Commerce Commishis questions apparently were incollect from Mr. Warbourg his
the ethics of private bankers in
the ethics of private bankers in
the of financing and reorganizing
one.

After referring to the duty the rail-

s of the committee were a before Mr. owed to have his way in report says:

irg answered the questions nd courteously, and if there nestional event in the hearing o surface indication of it. nittee declared afterthe examination was rather throughout and at times

reedings and went up to the floor of the speech on the trust nator Blair Lee, Senator Hitchcock and Senator Weeks were absent at ferent times. Chairman Owen, Sen-or Shafroth, Senator Nelson, Senator pills, Senator Pomerene and Senator Crawford remained throughout most or

Senator Bristow looked very much fa-tigued and discouraged after the hear-ing closed.

apparently," he said to a friend.

The statement was made to-day by a Republican Senator who has canvassed

Senator Brissupport has not developed. from the effects of very much run down ry explained to-day that uld not be able to leave

> Progressive Senators on side are likely to give Mr al support, but it is not by will aid him in a hopenot disposed to hold up a feeliing among his friends nomination gets before the content himself with a

Roads That Get Increase.

These are the thirty-eight chief roads, the Central Freight Association teritory which may avail themselves of the commission's full 5 per cent. increases in freight rates for that territory: Ann Arbor Railroad.

Bessemer and Lake Erie. Chesapeake and Ohio of Indiana. Chicago and Alton. Chicago and Eastern Illinois.

Chicago and Erie. Chicago, Indiana and Southern. Chicago, Indianapolis and Louisville. Chicago, Peoria and St. Louis. Chicago, Terre Haute and Southeastern. Cincinnati, Hamilton and Dayton. Cincinnati Northern.

Cleveland, Cincinnati, Chicago and St. Detroit and Mackinac

Detroit and Toledo Shore Line Detroit, Grand Haven and Milwaukee. Detroit, Toledo and Ironton. Grand Rapids and Indiana. Grand Trunk Western. Hocking Valley Kanawha and Michigan. Lake Erie and Western. Lake Shore and Michigan Southern.

New York, Chicago and St. Louis. Pennsylvania, Peoria and Eastern. Pere Marquette Pittsburg, Cincinnati, Chicago and St

Pittsburg and Lake Erie Toledo and Ohio Central. Toledo, Peorla and Western Toledo, St. Louis and Western. Vandalia.

Michigan Central.

Wheeling and Lake Erie. Wabash-Pittsburg Terminal Railroad. Following is a list of the eighteen roads Trunk Line and New England territory the commission decides must in-

crease their revenue by economy and reform, and not through increase in freight Baltimore and Ohio. Boston and Maine Buffalo and Susquehanna. Buffalo, Rochester and Pittsburg.

Central New England. Central of New Jersey, Delaware and Hudson. Delaware, Lackawanna and Western. Lehigh and Hudson River, Lehigh Valley Railroad Company. Maine Central.

New York Central Lines east of Buf-New York, New Haven and Hartford, New York, Ontario and Western, Pennsylvania lines east of Pittsburg, Philadelphia and Reading.

Rutland Railroad Company Chesapeake and Ohio. Western Maryland Railway Of the above Eastern roads, however, the New York Central, the Pennsylvania, the Baltimore and Ohio, the Eric and the Chesapeake and Ohio will all share in increase through their lines in Central Association territory.

SUMMARY OF DECISION. Commission Gives Out Official Brief

of Its Findings. The commission gave out an official summary of the decision as follows:

RATES TOO LOW.

First-The contention of the railroads

and the railroads."

After referring to the duty the railroads owe to the public in continuing efficient and safe service, the commission declares that the public owes a ittee were test transtest transa majority
Warburg
Warburg
With the livestment and to share in the general of the firm, had with the prosperity, so long as the rates exacted palifications to sit in the by them are just and reasonable. The

"It is not only consistent with a na-tional policy that invites the private own-ership of railroads that there should be a liberal return on a particular railroad investment, when the property has been wisely planned and honestly constructed and is efficiently managed, but the full development of that policy, as well as justice, requires that such a return should be made.

be made.

"The public interest demands not only the adequate maintenance of existing railroads but a constant increase of our transportation facilities to keep pace with the growth and requirements of our commerce. If, however, that development is to be accomplished with private capital. merce. If, however, that development is to be accomplished with private capital, in conformity with our traditions, nothing can be more certain than that the fa-cilities will not be provided except under of regulation as will rea-

invested."

The present financial difficulties of the railroads are recognized by the commission as a problem not only for the railroads are recognized by the commission as a problem not only for the railroads are recognized by the commission as a problem not only for the railroads of the public which it is some situation thoroughly that probably lery Democrat in the Senate would vote confirm Mr. Warburg.

The witness himself was not inclined to

of the New York banker hurbers whisked away to a destination of the newspaper menumeness of the committee extitute banker took the first New York.

Fight Collapses.

In sentiment this evening or is that the fight on Mr. collapsed. Senator Mr. collapsed. Senator the fight on Mr. collapsed the fight o and the Central Freight Association territory, lying between the Buffalo-Pittsburg line and the Mississippi River, and
that the financial and traffic conditions
of the railroads operating in these three
rate territories differ widely.

The commission finds that the rates in
the central territory, as a whole, are not
only lower than the rates in either the
Trunk Line or the New England territory
but that they are lower than the rates

feective protection against the possibility
of unjust legislation, for we must assume
that the public conscience intends no injustice against the possibility
of unjust legislation, for we must assume
that the public conscience intends no injustice against the owners on these great
properties that are devoted to the service of the public."

And adds:

"Passenger fares are paid directly to
carriers by those making use of the service
vice and they know what it costs them."

but that they are lower than the rates in any other part of the United States. If the average freight rate had been as high in Central territory as in Trunk Line territory, lines in the former would have earned \$56,000,000 more in 1913 than they actually did, and the twenty-eight repre-sentative roads in Central territory, which are most in need, would have earned \$29,-000,000 more.

ROADS THAT BENEFIT.

Third—The aggregate mileage in Central territory is greater than that of the territories New England and Trunk Line territories which we would be justified in increasing MUST IMPROVE CONEY SERVICE.

The Public Service Commission has ordered the Coney Island and Brooklyn Railroad Company to improve and inmease immediately the weekday service in the Franklin avenue line to and from Coney Island.

Coney Island:

Combined. The increase in revenues resulting from increases in rates in Control to Company will afford some relief to practically all the lines in official classification territory, which are in need of additional revenues, except the New England lines, whose needs are being cared for locally. The three great trunk lines have a large mileage in Central territory, which are in need of additional revenues, except the New England lines, whose needs are being cared for locally. The three great trunk lines have a large mileage in Central territory will afford some relief to practically all the lines in official classification territory. The increase in revenues re-

RATE BASIS WRONG.

Fourth-The commission finds that the class rates effective in Central territory are so low that an increase of 5 per cent. would clearly not be unreasonable, but points out that the class rate structure in that territory is honeycombed with in-consistencies, and says:
"The attitude of the officials of the

tral Freight Association territory, but only because of the desire of other and ne territory to present to us in this to occeding one general plan of relief.
"These officials, while stating that the or so-called 5 per cent. increase would add substantially to their revenues, expressly condemn the present basis of rates as unsuitable and unsatisfactory. The leading railroad witness on the question age, preservative, &c.

(f) Furnishing and transporting dunnage, preservative, &c.

(f) Furnishing and transporting dunnage, preservative, &c.

(f) Furnishing and transporting dunnage, preservative, &c. relation to each other, and that under the present basis of rates certain ship-pers of certain classes of freight have not for years borne their share of the bur-

den of transportation and in addition to the rates being extremely low, they are unscientific and illogical. large shippers. A rate expert of the Chicago shipping interests, whose testimony in another proceeding was put on record sults of which will be submitted later in another proceeding was put on record here, testified that the Central Freight Association scale was a "relic of bar-shippers." sults of which will be submitted later for the consideration of carriers and shippers.

The report also savs: "Counsel who presented and argued the case for the Central Freight Association lines admitted and definitely stated that, while the 5 per cent. increase would help the financial situation, the whole rate structure in that territory

would in due time file tariffs and bring the matter to the attention of the com

The commission then adds: "There can be no doubt upon the rec-Association territory ought, the public interest, to have as much additional revenue as would be produced by a 5 per cent. increase, as modified herein, and possibly more. It is not improbable, however, in view of the modifications we have required in those tariffs that they will find it more desirable to undertake the readjustment

ENTITLED TO MORE.

Fifth—The commission finds that the carriers operating in central territory are entitled to an increase not exceeding 5 per cant. on all class and commodity rates on shipments wholly within that territory, except the rates on coal, coke, iron ore, cement, brick, tile, clay, starch and plaster, as to which the carriers did not sustain their burden of proof, and any rates which are controlled by specific unexpired orders of the commission. The proposed increases in lake and rail rates and in rates between Central Freight Association territory, and other portions.

Association territory and other portions and in rates between Central Freight Association territory, and other portions. proposed increases in lake and rail rates and in rates between Central Freight Association territory and other portions of official classification territory are dis-allowed. The effect of the findings is also to disallow the application of the proposed minimum increase of 5 cents a ton on these commodities for which a are to disallow the application of the proposed minimum increase of 5 cents a ton on those commodities for which a charge is now made less than a dollar a ton. This minimum increase in some instances would have resulted in increasing

RAISES NOT GRANTED.

Sixth-The commission finds that the financial conditions of the carriers in Trunk Line territory do not warrant a general increase of freight rates and that the needs of the New England lines are being cared for locally and disallows the proposed increases in those territories, but under the title of "How Carriers May Increase Their Revenues" finds "that great opportunity exists for increasing the net revenue of all carriers in official classification territory otherwise than by resorting to a general advance in their freight rates," and makes the following specific suggestion :

HINTS FOR ROADS.

Seventh-The commission suggests that, following the plan adopted in New England, conferences be held between the State commissions, the carriers and representatives of the public with a view to advancing such passenger fares as may be shown to be clearly unremunerative. With respect to fares fixed by statutes

carriers by those making use of the service and they know what it costs them. Payments for freight charges, while less direct are none the less actual. The gendirect, are none the less actual. The general public does not know and probably does not stop to consider what proportion of the cost of a ton of coal, or of the price of a dwelling, or the rent of an apartment represents freight charges, but the cost of freight transportation enters to the cost or selling price of practically the cost of freight transportation enters into the cost or selling price of practically everything used by the public. In many cases, to be sure, freight charges represent but a small proportion of the total cost of things used or consumed, but is quite probable that the cost of things used or consumed, but is quite probable that the cost of things used or consumed, but is quite probable that the cost of things used or consumed, but is quite probable that the cost of precision possible economies in operation," adding:

"The increased operating ratio of recent years is accounted for directly in large part by increase in the rate of wages, but even greatly increased rates of wages are perfectly consistent with cost of things used or consumed, but it is quite probable that the average family pays much more in the course of a year as freight charges than it does for pas-

freight rates to provide a return on prop erty used exclusively in the passenger vice, much less to take care of losses curred in such service. In our opinion each branch of the service should con-tribute its proper part of the cost of operation and on return upon the property de

by immediately entering an order permitting the carriers to make their proposed charges effective."

The commission tells of the telegrams, letters, copies of editorials, cartoons and the like that were sent to it.

Ohio and the Nortolk and Western also increasing rates that are found to be clearly unremunerative and modifying burdensome rules and regulations relating to minimum weights and similar matters where they may justly be done," saying:

"Many unremunerative rates had their provements which would have yielded transportation economies."

Ohio and the Nortolk and Western also increasing rates that are found to be clearly unremunerative and modifying burdensome rules and regulations relating to minimum weights and similar matters where they may justly be done," saying:

"Many unremunerative rates had their provements which would have yielded transportation economies."

"Many unremunerative rates had their origin in fierce competition for traffic, or limited."

powerful shippers many such rates have doubtless been continued through igno-rance of the loss they entail upon the

WOULD STOP WASTE.

Ninth-The commission suggests that "all railroads in official classification ter ritory should ascertain to what extent special services now being rendered by the carriers to suppers for which no roads operating in Central Freight Association territory, as disclosed on the record, indicated that they joined in this proceeding not because they thought the so-called 5 per cent. Increase of rates would meet their requirements or that this form of relief is appropriate in Central Freight Association territory but in the contract of the contract special charge, or a non-compensatory charge, is made constitute an unjust bur-den upon the carriers or result in unjust commission calls attention to compilations prepared by it from the carriers' an-swers to the commission's inquiries showmore powerful lines operating in Trunk ing the practice of individual roads as

(a) Allowance of relegible.

(b) Collecting and delivering freight.

(c) Storing freight.

(d) Transporting containers.

(e) Furnishing and transporting dun-

(g) Refrigeration service.
(h) Loading and unloading carload

r years borne their share of the buron of transportation and in addition to
be rates being extremely low, they are
seclentific and illogical.
"This view was also expressed by many

TOO MANY PASSES.

Tenth-The commission recommends

one billion passenger miles. The amount of travel on annual and term passes has net been determined. At the average rate per passenger mile in official classificaion territory in 1913 the passenger miles represented by trip passes alone would have yielded in passenger revenue \$18,-520,000. If to trip passes is added the travel on annual and term passes, it will perhaps be found that the travel on passes exceeds 10 per cent. of the total passenger travel in official classification

"Subsequent developments have shown that there was little foundation for any of free transportation of private cars not only to directors and officers of other independent railroads but to lesser officials of such carriers and to members of their families. Among the beneficiaries were the wives of first, second and third vice-presidents, the wife of a superintent with the growing ease in the money markets this difficulty has largely disdent, the wife of a superintendent of telegraph, the mother of a chairman, the vice-president of a telegraph company and the chief clerk, to a president. Indeed, the chief clerk is a president, indeed, the chief clerk is a president. Indeed, the chief clerk is a president. Indeed, the chief clerk is a president indeed, the chief clerk is a president indeed, the chief clerk is a president indeed. -presidents, the wife of a superintennot a private car merely, but two special trains were furnished free to the widow of a former director, the tariff rate for which service would have been \$3,466. The wife and daughter of the president of that company enjoyed in a single year free transportation in private cars for nine trips on which the tariff rates would have aggregated \$3,577."

CAR EFFICIENCY.

Eleventh—The commission recommends
"a careful review of methods for increasing freight car efficiency," saying:
"Taking the average of all roads in official classification territory for the whole year, the time a car is moving in trains

probably does not exceed three days out of thirty, and the car is under load only two out of these three days. Further-more, the cars under load are loaded on an average to only about 58 per cent. of

FUEL A BIG ITEM.

Twelfth-The commission calls attention to the fact that fuel, next to wages, is the largest item in operating expenses, that the railroads in the United States report their aggregate fuel cost to be about \$250,000,000 a year and that the cost of coal is increasing, and adds:

"Much has been done in recent years by means of mechanical devices and otherwise to reduce fuel cost • • • but it has been demonstrated clearly that by knowledge and care on the part of the loyees and management much greater savings can be made

OPERATION ECONOMY.

gests that "in other departments the management undertake in cooperation

USELESS HOLDINGS.

Fourteenth-The commission suggests that "as soon as reasonable opportunity offers, properties heretofore acquired by old." adding:

have a large mileage in Central territory, so that their revenues will be augmented to properties of the aggregate cost of such investments with some exceptions in Central Frieght Association territory was more than \$458,000,000. Included in these are properties of the aggregate cost of such investments with some exceptions in central freelight Association territory and the such properties of the aggregate cost of such investments with some exceptions in central freelight and some the aggregate cost of such investments of the aggregate cost of such investments in official classification territory and some the aggregate cost of such investments of the aggregate cost of such investments

OUTSIDE INTERESTS.

Fifteenth—The Commissionalso suggests "that an investigation be made with a view to determining to what extent the cost of construction or of acquiring properties or capital or of operation is being increased through the holding by directors, officers or employees of interests in other concerns with which the carrier than dealings" and calls attention to the concerns with which the carrier than dealings. The decrease in net corporate income was due chiefly to the heavier interest charges due chiefly to the heavier interest charges. has dealings" and calls attention to the fact that the compilation from answers to the commission's questions on this subject show that "a considerable proportion of the officers and directors of railroad companies have interests in such con-cerns, including the locomotive works, car manufacturing companies, steel and fron works, coal mines, wire works, bridge companies, manufactories of railway appliances, oil companies, electric ry companies, glass companies, ce-companies, warehouse companies surety companies, railway publishing houses and trust companies It also refers to further investigation into the subject, which is being conducted independently by the commission,

SLEEPING CARS.

Sixteenth—The commission suggests that all expiring contracts with sleeping car companies should be carefully reviewed before being renewed.

The commission makes no suggestion in regard to railway mail pay, "as that sub-ject is under investigation by another branch of the Government," adding: "It may be assumed that if the compensation for the service is found to be
unjust to the carriers relief will probably

tral's gross corporate income up to more than one and three-quarter times its follows:

The term "unfair competition" is be afforded.'

The commission concludes its report

We may justly feel proud of the development of our transportation system. Despite occasional disagreeable chapters the history of our railroads has been stated that, while the 5 per cent, increase would help the financial situation, the whole rate structure in that territory portation of passengers and private cars should be further restricted by the carriers, and could not serve the public as they should until these rates are readjusted and brought up on some logical basis.

"He also stated that if the rates were now advanced on the so-called 5 per cent, basis it would be but a short time before those lines would be fore us again. He gave express notice that the Central Freight Association lines, if the 5 per cent, increase were now allowed, while the 5 per cent increase were now allowed, while the 5 per cent increase were now allowed, stated that it the practices of granting free transportation system. Tenth—The commission recommends that the practices of granting free transportation of passengers and private cars should be further restricted by the carriers of cooperation with the commission in its efforts to enforce the law. With the application of correct and helpful accounting, the establishment of sound business methods and a better understanding by both carriers and the public of their mutual obligations, to which we believe this investigation has contributed, the future is full of promise. We see no readistive that that rate the number of trip passes issued in the year would be transportation of passengers and private cars should be further restricted by the carriers of cooperation with the commission in its efforts to enforce the law. With the application of correct and helpful accounting, the establishment of sound business methods and a better understanding by both carriers of cooperation with the commission in its efforts to enforce the law. With the application of correct and helpful accounting, the establishment of sound business methods and a better understanding by both carriers and the public of their marked by great achievements. There is a growing spirit among the carriers of cooperation with the commission in its efforts to enforce the law.

NO CAUSE FOR ALARM.

Recent Depression.

The commission, in considering the question whether there is any cause for alarm in the present railroad situation,

on says:

"It was insisted during the hearings tion that the carriers are facing a crisis and that the carriers are facing a crisis and "Complications prepared by the com-mission show that the revenue from pri-tion of the possible sources of additional vate cars handled free during the year revenue other than by the proposed freight 1913 on eighty-eight of the roads which have made answer to our question would, at tariff rates, have amounted to \$644.

roads since January 1, 1914. Recently \$35,000,000 of Baltimore and Ohio Rail-

"The conspicuous decline in the securities of certain roads and the circumstances leading up to the appointment of receivers for others have impaired the stances leading up to the appointment of receivers for others have impaired the confidence of the public in the stability of railroad securities. This feeling of insecurity has been increased, first, by the fact that recklessly mismanaged roads have been largely under the control of the public in the stability of insecurity has been increased, first, by the fact that recklessly mismanaged roads have been largely under the control of the Lackawanna, expressed disappointment. "The railroad men throughout the country," he said, "will understiedly regard the decision as a very great disappointment."

Mr. Truesdale, president of the Lackawanna, expressed disappointment. "The railroad men throughout the country," he said, "will understiedly regard the decision as a very great disappointment. the fact that recklessly mismanaged roads have been largely under the con-trol of powerful banking houses there-tofore considered conservative, and, secondly, by the fact that the great roads have become interlocked with weak lines, either directly through stock ownership or by common directorships or otherwise

"The credit of some of our leading railroads has also been strained by the too free use of it in unwise and somedisastrous extensions of their lines, and even more seriously by the acquisition of properties not forming a part of their railroad system or used at all in transportation service. The cam-paign of publicity hersinafter referred to has also increased the strain on the credit of the railroads. But the earning capacity of our railroads is so great that their credit will soon be restored if their revenues are conserved. The crop estimates give promise of greatly increased gross revenues for the current fiscal

year. Typical of Situation.

"The New York Central, the Pennsylvanda and the Baltimore and Ohlo, which, through their extensions and the acquisition of other lines, reach prac-tically all parts of official classification territory, have been properly presented by the carriers in this case as typical of the general situation, except as to the Central Freight Association territory. Surely none of these three lines is fac-

ing a crisis.
"In determining whether there is cause for alarm the amount of corporate inrs, properties heretofore acquired for the system the president of the carriers which are not used or held for the system the president of the carriers which are not used or held sylvania road admitted that for these them for transportation purposes be sylvania road admitted that for these them for transportation purposes be sylvania road admitted that for these them. "From compliations prepared by the upon their capital stock, there was no "From compilations prepared by the commission of the incomplete replies to our questions, it appears that the aggregate cost of such investments in official classification territory was in official classification territory was more than \$684,000,000. Included in Association territory, are earning net inthese are preperties of the aggregate considered in relations.

Why Profit Dropped.

"It is true that in 1913 the New York due chiefly to the heavier interest charges resulting from the great increase in the proportion of debt to its total capital obligations.

"The large earnings of 1913 were made by the New York Central, although the Big Four sustained large losses from the floods during that year, and the Boston and Albany, in itself a valuable property earning large dividends upon its outstanding capital stock, caused a loss to the New York Central system in the same year of over \$100,000 because of the heavy rental payable under the lease. The flfth section unfair competition much talk in the payable was less that year than previously the section of the sectio oss was less that year than previously

York Central refunding mortgage bonds were marketed in April last that the comcharges has averaged for the last five years over \$14,000,000. If to this were added the New York Central's share (averaging \$5,115,648) of the Lake Shore and Michigan Southern Rallway Company's undistributed profits, such addition "unfair competition." which is made unpany's annual surplus over and above fixed

B. & O. as an Example.

The Baltimore and Ohio earned in 1910 gross revenues approximating \$91, 500,000, the largest results from operations in its history to that date. In 1911 the earnings were maintained practically at that high level. In 1912 the earning rose to \$95,500,000 and in 1913 to \$10: 000,000. Its net corporate income 000,000. Its net corporate income in 1910 was \$16,360,000, the greatest in its history. This was not equalled in any subsequent year, and in 1913 it was ap-proximately \$13.560,000, which has been

cent. non-cumulative preferred stock was deducted as analogous to the fixed charge before computing the ratio which the net corporate income bears to its outstanding common stock we find a net cor- poration is violating the provisions of this 7.35 per cent. for the year 1913, as compared with a net corporate income of 7.75 in that behalf, and at the same time a

pared with a net corporate income of 7.75 per cent. for the five year period from 1908 to 1912 and of 7.43 per cent. for the three year period from 1908 to 1910.

"While the tendency of its net income has been downward it does not appear that there has been such an encroachment upon its margin of safety as may fairly be regarded as alarming. Unusual conditions have prevailed in connection with that property since 1910 and it has demonstrated its large earning capacity. There is surely nothing critical in its situation unless it be the obligations it has assumed in connection with the Central Hamilton Railroad Company, the burdens of which should be borne by its dens of which should be borne by its stockholders.

No Crisis Apparent.

"While we thus conclude that there is offender shall cease no crisis in the condition of the railroads unfair competition. official classification taken as a whole it is true, as we have already indicated, that a few of these roads are facing financial difficulties and a few others have "Any suit brought by any such person, been overtaken by disaster and have al-ready gone into the hands of receivers ready gone into the hands of receivers. But this condition is certainly not typical of the whole territory. Most of the roads

roads could not be helped materially by any practicable advance in rates, but must be mended by reorganization upon a sound financial basis."

1913 and for other purposes relating to sustend or set aside, in whole or in part, an order for Interstate Commerce Commission shall apply."

SOME GLAD, SOME NOT.

Mr. Truesdale was asked what he regard to passes.
"Well, the persons who receive the

passes are employees," he said, "and if you cut out the passes they will demand President F. D. Underwood of the Erie "I will make no comment until I have read the decision."

Lours J. Spence, traffic director of the Southern Pacific, seemed cheerful.

"It is the best thing that could be had," he said. "It will instil confidence in the investors and make it easier for the railroads to get money for equipment

the railroads to get money for equipment and improvements. Effort to get other railroad officials was unavailing, as they were out of town over Sunday. Also many are in Europe. President Loree of the Dela-

ROADS WEST OF PITTSBURG GET RATE INCREASE TRADEBILL TO PASS

Fifth Section, Relating to Unfair Competition, Is Finally Completed.

LIMITED COURT REVIEW

Cummins's Substitute Adopted by a Vote of 33 to 25.

WASHINGTON, Aug. 1 .- The way was cleared in the Senate to-day for the passage of the Federal trade commission bill

The fifth section of the bill relating to unfair competition, which has caused so much talk in the Senate, was finally comloss was less that year than previously, for during the preceding nine years the loss to the New York Central under its lease of the Boston and Albany had averaged \$680,000 a year.

"Notwithstanding such burdens, President Smith declared in a letter to the fiscal agents through whom \$25,000,000 of New York Central refunding mortgage bonds."

"The vote on it was 33 to 25.

The amendments offered heretofore by Senator Cummins relating to interlocking

and Michigan Southern Railway Com-pany's undistributed profits, such addition would have brought the New York Cen-lawful under section 5. The amendment

The term "unfair competition" is hereby defined to embrace all those acts, devices, concealments, threats, coercions, deceits, frauds, false repre-sentations, slanders of business and all other acts or devices done or used with the intent to or which are cal-culated to destroy or unreasonably hinder the business of another or prevent another from engaging in busi-ness or to restrain trade to create & monopoly.

The Cummins substitute is as follows: "Section 5-That unfair competition in appeared on the record as being 6.42 commerce is hereby declared unlawful. "The commission shall have authority to prevent such unfair competition in commmerce is hereby declared unlawful.

merce in the manner following, to wit: "Whenever it shall have reason to be lieve that any person, partnership or corporate income on its common stock of section it shall issue and serve upon the

thereupon enter its findings of record issue and serve upon the offender order requiring that within a reasonable time to be stated in said order that the offender shall cease and desist from such

"The commission may at any time set

"Any suit brought by any such person, partnership or corporation to annul, suspend or set aside, in whole or in part, any such order of the commission may be brought against the commission in perous.

"The unprosperous condition of certain the judicial district of the residence of The unprosperous condition of certain roads in New England and certain roads in Central Association territory, as we have pointed out, is not the result of low rates, but is due mainly to causes having little relation to their function as transportation agencies. The situation of these roads could not be helped materially by any practicable advance in rates, but

"If within the time so fixed in the order of the commission the person, part-Railroad Men Express Diverse Views order is made shall not cease and desist on Decision.

Diverse views were expressed last night pended or set aside by a court the comsince January 1, 1914. Recently \$35,000,000 of Baltimore and Ohio Railroad short term notes were taken at par in an afternoom. The interest rates exacted were undoubtedly high as compared with those prevailing generally during the fourteen years preceding, but the burden of high interest rates is not confined to railroad securities.

"The credit of our railroads has undoubtedly suffered in recent years, but largely from causes that were independent of their rates. Their borrowing power has suffered relatively, because of the great competition for money by Governments, States, municipalities, public service corporations and industries. It has suffered actually because of the mismanagement of great railroad systems of international repute.

Confidence Impaired.

Railroad Men Express to the confidence on Decision.

Diverse views were expressed last night on the rate decision by railroad officials in the meantime such order is not annuiled, suspended or set aside by a court the commission may bring a suit in equity in the district court in any district wherein such cothers found much to be hopeful over in the attitude of the commission. No one wished to make any detailed comment without having studied the decision in detail.

Several railroad men said frankly that the 5 per cent, increase granted for the great competition for money by Governments, States, municipalities, public service corporations and industries. It has suffered actually because of the mismanagement of great railroad systems of international repute.

Confidence Impaired.

Diverse views were expressed last night on the main deficials in the central energy disappointed. Others despit disappointed. Others despit disappointed of the commission. No one wished to make any detailed comment without having studied the decision in detail.

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Itinerant Dealer Accused of Plot to Undervalue Jewels.

A conspiracy by which thousands of dollars worth of uncut diamonds have been brought into the country at less than their real value in order to defraud the thought about the recommendation in Government out of customs duties was charged yesterday when David Probstein. an itinerant diamond dealer, was ar-raigned before Commissioner Clarence S. Houghton on a charge of custom fraud. He was sent to the Tombs in lieu of \$5,000

Probatein, it is charged, entered into a conspiracy with Leopold Bochner, another diamond dealer, to undervalue imported diamonds.

STREET KILLINGS ON DECREASE. Brooklyn Only Borough Showing

Europe. President Loree of the Dela-ware and Hudson is in Europe. Vice-President Place of the New York Central is on his way back from England. Frank A. Vanderlip, president of the National City Bank, seemed fairly well pleased with the decision.

"It is better than I expected," he said.
"It is better than I expected," he said.
"We impression from the brief abstracts

"My impression from the brief abstracts I have heard of the decision is that it is along the right direction."

Despatches from Philadelphia said that President Rea of the Pennsylvania refused absolutely to discuss the decision.

Col. Edward S. Cornell, secretary of the Society, says that trolley fatalities are decreasing. Deaths by vehicular traffic in Manhattan are the lowest since July, 1908, but in Brooklyn there has been an increase, especially in automobile fatalities.

WAR MAPS.

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